

OCT 27 1970

Role of Alden Self-Transit Systems Corporation
in the Morgantown Project

Administrator

Secretary

Earlier this year under an UMTA Interagency Agreement with the Department of the Navy, the Applied Physics Laboratory (APL) of Johns Hopkins University conducted an evaluation of six new circulation and distribution systems based on system descriptions supplied by the respective companies. These companies were paid by APL to describe their systems. One of these systems was the one proposed by the Alden Self-Transit Systems Corporation (Alden). All of these system descriptions including the evaluation by APL are now in the public domain and available through the Clearinghouse at a nominal cost.

On June 30, 1969, UMTA made a grant to the West Virginia University to conduct a feasibility study for a circulation and distribution system to connect the three campuses of the University (UMTA Project WVA-MTD-3). The University study resulted in two companies (Varo and DASHAVEYOR) being invited to submit a system proposal. Each of these was funded by West Virginia University to prepare its proposal. The original UMTA grant was amended on March 13, 1970, to permit the University to fund Alden to submit their system proposal. All three companies were advised in writing that all information submitted to the University might be used in the University's final report, which would be in the public domain.

The University selected the Alden proposal as being most suitable for their purposes and submitted an application to UMTA for a demonstration grant in the amount of \$13.5 million for a physical demonstration of a modified version of the Alden proposal (although the cost estimate of the original proposal of Alden to the University was \$25.1 million). Under this grant application, the University proposed to conduct a demonstration to be managed by Professor Elias of the University on a part-time basis. The University proposed that Alden be the system prime contractor through whom all the contract funds would be channeled including all construction work.

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Upon receipt of the application, UMTA verbally informed the University that the demonstration project would be conducted under a procurement contract to a system manager selected by, and responsible to, UMTA rather than through a grant to the University. On September 3, 1970, the Jet Propulsion Laboratory (JPL) was directed through an amendment to the existing DOT-NASA Interagency Agreement to provide a Project Development Plan of the proposed system including engineering verification of the route location, and an independent assessment of the project cost and schedule. On September 28, 1970, the University received a grant from UMTA to provide JPL with the local requirements regarding the proposed system. On September 15, 1970, JPL let a sub-contract to Alden to provide more detailed descriptions of the proposed system. Since this third party contract was for less than \$100,000, under the terms of the NASA-JPL contract, JPL was not required to submit it to UMTA for approval, but when UMTA subsequently learned of the contract, it took the position that competition should be maintained for the vehicle system procurement.

On September 29, 1970, JPL informed Alden that its continued participation as a subcontractor might eliminate it from competing for the implementation phase. As a result of this statement, Alden volunteered to stop work on its contract with JPL. On October 5, JPL sent a letter of termination to Alden making the termination effective on September 29. Through this action, Alden's qualification to compete for subsequent contracts was maintained.

To let a sole source contract for the whole system to Alden appears incompatible with UMTA's Research and Development objectives which are to develop new systems and components which could be used by local authorities as a basis for competitive bidding open to all qualified and interested industrial organizations. The response to our recent advertisement in the Commerce Business Daily shows that interest in this procurement is widespread. Our screening of potential competitors reveals that Alden has no features for which there are no alternatives.

The course chosen by UMTA is designed to maximize the competitive opportunities for all qualified equipment and software companies. In the case of Morgantown, JPL will define the system to be built in terms of functional or performance requirements agreed to by the University as the future owner and operator and concurred in by UMTA. These functional or performance requirements will make up a specification which will form the basis for competitive procurement in the implementation phase. At this time the functional requirements have not been finalized. When they are, they will not contain any

information originating from Alden that is not presently in the public domain.

The first of the systems we have elected to demonstrate is a wheeled vehicle capable of being controlled by a central computer, and running on an elevated guideway. The mechanism for selecting a branch of a form in the guideway shall be on board the vehicle, and the guideway shall contain no moving parts.

In a recent meeting with UMTA, the president of Alden made the claim that all on-board switches were covered by an Alden patent. Other companies, some of which are known to you, such as Barrett Electronics Corporation (Guide-O-Matic Train); Dashaveyor Corporation (Dashaveyor); Aerospace Corporation (Capsule Transit System); Transportation Technology, Inc., (Trans Tech), Uniflo Systems Company (Uniflo); and Varo, Incorporated (Monocab), have made similar claims, and we consider competitive procurement the fairest way of selecting a contractor. It is important to point out that an analysis of dozens of leading circulation and distribution systems revealed that the systems were primarily conceptual, and only very rudimentary, breadboard hardware is in existence. The major burden of engineering development remains to be accomplished. An exception, however, is the Guide-O-Matic Train now in operation at the Houston International Airport.

Alden claims it was promised a sole source contract for the whole system or led to believe that this would be the case. I find nothing in the record to substantiate this claim. And in view of the other systems considered, we cannot justify a sole source procurement from a legal nor technical basis.

Alden has also claimed that unless it received a contract on a sole-source basis, the project completion would be delayed by two to three years. In our judgment this claim is baseless; moreover, I discussed this with Dr. Pickering, Director of the Jet Propulsion Laboratory of the California Institute of Technology. In his professional opinion competitive procurement, while initially slower, would in the end not delay the project and would be beneficial to the project in many important aspects. Such a procedure would also avoid serious criticism by other companies with systems in a comparable state of development such as those mentioned above.

**SUBJECT: Role of Alden Self-Transit Systems
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Page 4

In conclusion, this whole subject matter has been extensively studied by my legal and technical staff and reviewed with JPL. There is complete agreement in which I concur, that to continue with competitive procurement along the lines described above is in the best interest of DOT, UMTA, and our national program.

C. C. Villarreal

UMTA File

UOA-1

URD-1

URD-Chron

UCC-1 (Haley, Munter)

URD-30 (Raithel) (3)

URD-30 (Winn)

S-10 (3)

RAITHEL:ajj:10-23-70

REWRITTEN - RAHEMMES/mld 10/26/70

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The University selected the Alden proposal as being most suitable for their purposes and submitted an application to UMTA for a demonstration grant in the amount of \$13.5 million for a physical demonstration of a modified version of the Alden proposal. The cost estimate of the original proposal of Alden to the University was \$25.1 million. Under this grant application, the University proposed to conduct a demonstration to be managed by Professor Elias of the University on a part-time basis. The University proposed that Alden be the system prime contractor through whom all the contract funds would be channeled including all construction work.

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On September 29, 1970, JPL informed Alden that its continued participation as a subcontractor might eliminate it from competing for the implementation phase. As a result of this statement, Alden volunteered to stop work on its contract with JPL. On October 5, JPL sent a letter of termination to Alden making the termination effective on September 29. Through this action Alden's qualification to compete for subsequent contracts was maintained. Under the termination agreement, Alden did not deliver data to JPL, although during the period the subcontract was in effect, JPL had the opportunity to review Alden's proprietary material.

To let a sole source contract for the whole system to Alden appears incompatible with UMTA's Research and Development objectives which are to develop new systems and components which could be used by local authorities as a basis for competitive bidding open to all qualified and interested industrial organizations. The response to our recent advertisement in the Commerce Business Daily shows that interest in this procurement is widespread. Our screening of potential competitors reveals that Alden has no features for which there are no alternatives.

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originating from Alden that is not presently in the public domain. Because of a desire expressed by the University, and because of UMTA's objective to develop and test new equipment, we consider specifying as a system feature rubber-tired vehicles and a switch which does not involve the movement of parts of the track. Alden claims to have an exclusive patent covering this type of switch. Should such a specification be agreed upon, Alden would be in a good position to participate in the development and procurement of the vehicles assuming that their patent is indeed sufficiently broad and firm so as to discourage independent development. It is difficult to see why they should object to a specification that calls for these two elements.

Alden claims it was promised a sole source contract for the whole system or led to believe that this would be the case. I find nothing in the record to substantiate this claim. Independent arrangements between the University and Alden during the grant application should not affect our decisions.

Alden has also claimed that unless it received a contract on a sole-source basis the project completion would be delayed by two to three years. I discussed this with Dr. Pickering, Director of the Jet Propulsion Laboratory of the California Institute of Technology. In his professional opinion competitive procurement, while initially slower, would in the end not delay the project and would be beneficial to the project in many important aspects.

In conclusion, this whole subject matter has been extensively studied by my legal and technical staff and reviewed with JPL. There is complete agreement in which I concur, that to continue with competitive procurement along the lines described above is in the best interest of UMTA, DOT and our national program.

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information originating from Alden that is not presently in the public domain. Because of a desire expressed by the University, we are considering specifying rubber-tired vehicles and a switch which does not involve the movement of parts of the track. Alden claims to have an exclusive patent covering this type of switch. Should such a specification be agreed upon, Alden would be in a strong position to participate in the development and procurement of the vehicles if their patent is indeed sufficiently broad and firm so as to discourage independent development. It is difficult to see why they should object to a specification that calls for these two elements.

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